

Assembly Bill No. 374

Passed the Assembly April 11, 2013

Chief Clerk of the Assembly

Passed the Senate September 3, 2013

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2013, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 1263.510 of the Code of Civil Procedure, relating to eminent domain.

LEGISLATIVE COUNSEL'S DIGEST

AB 374, Wagner. Eminent domain: compensation: loss of goodwill.

Existing law requires the governing body of a public entity to adopt a resolution of necessity, as specified, and send related notices before commencing an eminent domain proceeding. Existing law provides that an owner of property taken by eminent domain is entitled to compensation and imposes certain requirements on the owner in order to be compensated for loss of goodwill, as described.

This bill would further require, for the owner of a business to be compensated for loss of goodwill, that the business owner adduce sufficient evidence to permit a jury to find that goodwill existed prior to the taking.

The people of the State of California do enact as follows:

SECTION 1. Section 1263.510 of the Code of Civil Procedure is amended to read:

1263.510. (a) The owner of a business conducted on the property taken, or on the remainder if the property is part of a larger parcel, shall be compensated for loss of goodwill if the owner adduces sufficient evidence to permit a jury to find that goodwill existed prior to the taking and proves all of the following:

(1) The loss is caused by the taking of the property or the injury to the remainder.

(2) The loss cannot reasonably be prevented by a relocation of the business or by taking steps and adopting procedures that a reasonably prudent person would take and adopt in preserving the goodwill.

(3) Compensation for the loss will not be included in payments under Section 7262 of the Government Code.

(4) Compensation for the loss will not be duplicated in the compensation otherwise awarded to the owner.

(b) Within the meaning of this article, “goodwill” consists of the benefits that accrue to a business as a result of its location, reputation for dependability, skill or quality, and any other circumstances resulting in probable retention of old or acquisition of new patronage.

(c) If the public entity and the owner enter into a leaseback agreement pursuant to Section 1263.615, the following shall apply:

(1) No additional goodwill shall accrue during the lease.

(2) The entering of a leaseback agreement shall not be a factor in determining goodwill. Any liability for goodwill shall be established and paid at the time of acquisition of the property by eminent domain or subsequent to notice that the property may be taken by eminent domain.

Approved _____, 2013

Governor